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United States Virgin Islands

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I. Background information

1. The Territory of the United States Virgin Islands[1] is located in the eastern part of the Caribbean Sea, approximately 1,000 miles south-east of Miami and 45 miles east of Puerto Rico. The Territory is made up of three main islands (St. Croix, St. John and St. Thomas) and one small island (Water Island) recently transferred to the jurisdiction of the territorial Government. The capital, Charlotte Amalie, is located on St. Thomas.

2. Visited by Christopher Columbus in 1493 (along with what are now the British Virgin Islands), the islands were Danish territory from 1754 to 1917 when they were purchased by the United States of America. They were administered by the United States Navy until 1931, after which they came under the administration of the United States Department of the Interior. Currently, the Office of Insular Affairs carries out the Secretary of the Interior's responsibilities for the Territory and other insular areas. The Office of Insular Affairs Strategic Plan for 2000 to 2005 is based on two goals: assisting the Islands in developing more effective government by providing financial and technical assistance, and helping to manage Federal-island relations by promoting appropriate Federal policies.[2]

3. According to the United States Census results released in July 2001, the population of the Virgin Islands in 2000 stood at 108,612, an increase of 7 per cent (6,803 persons) since the previous census was conducted in 1990.[3] Currently, those born within the United States and its territories make up 66.8 per cent of the population. The percentage of residents born outside the United States has remained stable in the past decade, from 33.9 per cent in 1995 to 33.2 per cent in 2000. Foreign immigrants are mostly from the Eastern Caribbean and the Dominican Republic, while domestic migrants come from Puerto Rico and the mainland United States (see A/AC.109/2002/4, paras. 3 and 4 for further details).

II. Constitutional, legal and political aspects

A. General

4. The United States Virgin Islands constitute an organized, unincorporated Territory of the United States. With the adoption by the administering Power of the Organic Act of the Virgin Islands (1936) and its revision in 1954, the Territory was granted a measure of self-government over local affairs. Executive power is vested in a popularly elected Governor, who appoints, with the advice and consent of the Legislature, the heads of the executive departments.

5. Since the Organic Act of the Virgin Islands was revised by the administering Power in 1954, there have been five attempts to replace it with a locally written constitution approved by the people of the Territory that would organize the internal mechanisms of government. None of the five attempts was successful. Regarding the Territory's political status, the first and only referendum on a range of political options was conducted in 1993. However, only 27 per cent of the electorate voted and, of those, 80.3 per cent voted to retain the current status. The result was considered invalid since less than 50 per cent of the electorate had voted. In 2000, legislation was introduced in the territorial Senate to create the mechanisms for the establishment of a constitutional convention; however, the bill died when the

Legislature was adjourned at the end of the year. According to media reports, in August 2001, a territorial senator again introduced a draft bill requesting the Legislature to convene a constitutional convention in 2003,[4] but no further action was reported. The draft constitution emerging from the convention would have to be submitted to the Territory's electorate in a referendum and, subsequently, to the United States Congress, which has the power to amend, approve or reject it. In this connection, in May 2000, the legislative process began in the House Resources Committee in Washington, D.C., for the passage of a proposed bill (H.R. 3999) to clarify the process for the United States Virgin Islands and Guam to adopt a local constitution (see A/AC.109/2002/4, para. 6 for further details). However, the House Committee of the Whole never acted on the bill and, as per congressional rules, it expired.[5] In January 2003, the Governor announced during his State of the Territory address that he would advocate convening a Fifth Constitutional Convention to draft a constitution that "will allow for more effective government and a structure that is responsive to the needs of all residents and enhances and empowers local autonomy for the islands of St. Croix, St. John and St. Thomas through municipal government".[6]

6. The judicial system includes two courts: the United States Federal District Court of the Virgin Islands, whose judges are appointed by the President of the United States with the advice and consent of its Senate; and the United States Territorial Court of the Virgin Islands, whose nine judges are appointed by the Governor. The Federal District Court has jurisdiction in civil, criminal and federal actions. During his State of the Territory address in January 2003, the Governor noted that the United States Virgin Islands is the only jurisdiction under the United States flag that does not have its own appellate court to interpret its laws. He stated that through the Omnibus Territories Act, the United States Congress had authorized the creation of a Virgin Islands Supreme Court 20 years ago, and that Guam had taken such a step in 1996. He urged the island Legislature to pass a constitutional convention bill to allow for the establishment of such a court, which he said, would be a significant milestone in the island's quest for greater self-determination.

7. The Legislature, a unicameral body currently comprising 15 senators, is elected for a two-year term by a popular vote (see para. 8 below on legislative steps to change the number of senators). The Legislature has the power to enact such laws as are consistent with federal laws made applicable to the Territory by the United States Congress and do not impair rights guaranteed by treaties, international agreements, or rights contained in the Organic Act's Bill of Rights. Under the latter are enumerated, inter alia, rights of due process and equal protection, and freedoms of speech, assembly and religion. The Legislature may also issue bonds, levy customs duties (up to 6 per cent) and oversee executive departments. Legislation is subject to approval by the Governor, whose veto can be overridden by two thirds of the Legislature. The United States Congress retains the right to annul any act of the local legislature. The United States Virgin Islands is represented in the House of Representatives of the United States Congress by a popularly elected delegate who may vote in the committees in which he or she is a member, but not in floor votes. There is no representation in the United States Senate, nor does the Territory have the constitutional right to participate in elections for the President of the United States. In this respect, in his 2003 inaugural address, the Governor referred to the Virgin Islanders having paid the same price in war and in peace as other Americans, and added "it is only fair that we be entitled to all the benefits of United States

citizenship, including voting for President and Vice-President, as well as full voting privileges in the Congress".[7]

8. In 2000, preliminary steps were taken to reduce the size of the Legislature from 15 to 9 members. While this reduction was actively sought by the Territory's Delegate to the United States Congress and later overwhelmingly supported by island voters in a November 2000 referendum (see A/AC.109/2002/4, para. 9), the measure was defeated by 10 votes to 5 when the draft bill was discussed in the Territorial Senate on 18 July 2001. The issue of downsizing the Legislature recently resurfaced in the context of public protests over legislators' approved pay hikes in December 2002. A bill is expected to be re-introduced in early 2003.[8]

B. Recent elections and political issues

9. There are three political parties in the Territory: the Democratic Party, the Independent Citizens' Movement and the Republican Party. The most recent elections to elect the Territory's Governor, its 15-member Legislature and its Delegate to the United States Congress were held on 5 November 2002. In the gubernatorial elections, incumbent Charles W. Turnbull of the Democratic Party, in office since January 1999, was re-elected for a further four years, with 50.15 per cent of the votes. Another incumbent, Donna Christensen of the Democratic Party, was re-elected into her fourth two-year term as the United States Virgin Islands Delegate to the United States Congress.

10. The legislative elections resulted in the election of 15 senators, namely, 8 Democrats, 2 members of the Independent Citizens' Movement and 5 non-party affiliates.[9]

11. During the annual State of the Territory address in January 2003, Governor Turnbull made reference to the "litany of ills" which the United States Virgin Islands faced when he first took office in 1999, namely, a stagnant economy, falling revenues, climbing deficits, unmet government salary increases, and "the spectre of bankruptcy and a possible federal takeover". He went on to say that, despite obstacles, during 2002, the Government had continued to make steady progress by focusing on fiscal discipline, supporting construction projects in the public and private sectors, expanding tourism facilities, reducing crime and protecting the environment. Closing his address, the Governor took heed of the heated adverse public reaction to the pay increases authorized for himself, the Lieutenant Governor and the Senators by the outgoing twenty-fourth Legislature and announced that he would veto the salary increase. Regarding the Territory's relationship with the federal Government, during 2002 Delegate Christensen continued to focus on issues such as lifting the cap on Medicaid, the provision of more federal funds for health care for low-income residents, and extending other benefits to the poor and disabled.[10]

III. Budget

12. The precarious fiscal condition of the Territory at the end of the 1990s and the measures taken at the federal and local levels to avoid bankruptcy have been described in detail in previous working papers (A/AC.109/2001/3, paras. 13-17 and

A/AC.109/2002/4, paras. 13-17). Since 2000, the Territory's budget has been agreed on in the framework of the Office of Insular Affairs' 2000-2005 Strategic Plan, which, inter alia, calls for all insular governments to implement long-term plans to improve financial management by 2005. In this respect, the Office of Insular Affairs recently reiterated that the level of economic assistance given to the Territories will be determined by the responsiveness of the local public auditor's office, in order to protect federal investments from "waste, fraud and abuse".[11] According to the Governor, his administration has worked painstakingly to revitalize and strengthen the relationship with the federal Government by completing long-overdue audits and bringing the local Government into compliance with federal auditing standards for the first time. The new confidence placed in the Virgin Islands by the federal agencies has reportedly led to an increase in federal grant funding by some 50 per cent since 1999. Auditing has also indicated progress towards a structurally balanced budget. According to the Governor, the audits show continuous financial improvement since fiscal year 1999, which ended with a deficit of $50 million. Thus, fiscal year 2000 ended with a deficit of $8 million and the recently audited fiscal year 2001 ended with a surplus of $35 million. While some slippage is anticipated in fiscal year 2002 (as is the case in many other States due to the national economic downturn), and while the Territory is facing some short-term cash flow pressures, the Governor believes that steady financial progress is being made.

13. According to the Governor there has also been continuing progress in 2002 in efforts to reduce the burden of the Territory's accumulated debt and to generate new sources of revenue, both at the local and federal level. After securing the cancellation of the $46 million Hurricane Hugo loan in December 2001, his Government was moving swiftly to petition for the cancellation of the $160 million Hurricane Marilyn loan through Federal Emergency Management Agency provisions. Regarding tax revenue, due to continued efforts by the Bureau of Internal Revenue and the success of the Economic Development Commission in expanding the financial services industry, tax collection figures in 2002 stayed level with the record 2001 figures of $518 million. In addition, the Governor reported that lobbying was continuing in Congress to protect the Territory's rum industry by extending the rum tax rebate formula which is to expire at the end of 2003. The territorial Government also continued to lobby Washington to minimize any negative impact that President Bush's recently proposed economic stimulus package could have on the Virgin Islands, to participate in programmes to cover increased costs from Medicaid and Homeland Security, to extend federal income tax rebates to all Island taxpayers and to have the federal Government share the cost of the Earned Income Tax Credit programme, which provides relief for low-income residents. According to media reports, the Governor's positive portrayal of the fiscal situation in 2002 was met with scepticism by some Senators who sought further details about the cash-flow difficulties and about new revenue-producing programmes.[12]

IV. Economy

A. General

14. In 2000, the gross domestic product (GDP) per capita in the Virgin Islands was estimated at $15,000. In mainland United States during the same year, GDP per capita was estimated at $36,200. Tourism is the primary economic activity,

accounting for more than 70 per cent of GDP. It is followed by the manufacturing sector, which consists of petroleum refining, textiles, electronics, pharmaceuticals and watch and jewellery assembly.[13]

15. With the reduction in the size of its public sector, the Government is intensifying efforts to promote new private sector investment in the Territory by offering tax breaks. To qualify for these, a company must invest at least $100,000, hire at least 10 employees (80 per cent of whom must be Virgin Islands residents), and make agreed upon contributions to not-for-profit groups. In February 2001, legislation was passed to consolidate a number of smaller development bodies into the new Economic Development Commission. According to the Chief Executive Officer of the Commission, most of the 51 companies that applied for tax benefits in 2002 were in financial services and light manufacturing. In spite of this positive start, the head of the Commission noted that some potential investors were still discouraged by internal problems such as crime, bureaucratic red tape, education challenges and the perception that the Territory is only a tourist destination.[14]

16. Regarding trade, the United States Virgin Islands is exempt from the Jones Act, which requires that freight moving between United States ports be carried by United States-flagged ships. The Territory benefits from other favourable trade concessions as part of its relationship with the administering Power. Nonetheless, the Territory generally runs at a trade deficit, owing to its heavy reliance on imported goods, most of which come from the mainland United States.

B. Economic sectors

1. Agriculture and fisheries

17. Agriculture has played a small part in the Territory's economy since the decline of sugar production in the 1960s. In the 1990 census, only 1.2 per cent of the economically active population was engaged in agriculture or fishing, and by 2000, that figure had shrunk further to 0.7 per cent. As a result, the Territory imports about 90 per cent of its food, at a cost of between $200 million and $300 million per year. Development of agriculture is hindered by high production costs and water scarcity. However, incentives to promote agriculture do exist. In particular, farmland is tax exempt, farm income is taxed at a lower rate than other income and imported farm equipment is 50 per cent exempt from excise taxes. In addition, a number of local and federal programmes provide assistance for agricultural development.

18. With respect to fisheries, in June 2002, the Caribbean Fishery Management Council held meetings in St. Croix to solicit public input into an amended Fisheries Management Plan for the Territory. Central to the Council's work in the Virgin Islands is the establishment of benchmarks to determine whether over-fishing is taking place, and, specifically whether the fishing of queen conch, reef fish and spiny lobster can be managed at sustainable levels. Current efforts are aimed at establishing protected "marine parks" (see para. 47), increasing fish stocks and encouraging commercial fishermen to fish further from shore. In August 2002, the Nature Conservancy received a $162,000 grant from the National Fish and Wildlife Foundation to study major spawning sites in the Territory in order to improve water management and improve fisheries. With respect to fisheries infrastructure, a new $205,000 Mid-Island Fish Market was opened on St. Croix in August 2002, allowing fishermen to sell their catch in sanitary conditions rather than at unlicensed roadside

stands. Renovation of the Frederiksted Fishermen's Pier, which was wrecked by Hurricane Georges in 1998, began in August 2002 but it is reported that work has been delayed due to difficulty in obtaining the necessary pilings.[15]

2. Manufacturing and industry

19. Manufacturing incentives are provided by a trade regime that confers unique advantages on the United States Virgin Islands. Items assembled in the Territory can be exported duty free into the United States, even if up to 70 per cent of its value consists of foreign dutiable components. Other incentives include 90 per cent exemption from local corporate income taxes for 10 to 15 years for new manufacturers. Goods manufactured for export include watches, textiles, electronics, pharmaceuticals and rum, which is responsible for 15 per cent of the Territory's export revenue.

20. Employment in manufacturing has dwindled in recent years, owing primarily to the closure of several watch assembly plants in the Territory in the late 1990s. In 2000, the United States Congress approved legislation sponsored by the United States Virgin Islands Delegate to extend federal wage credits, originally designed for the Territory's watch industry, to manufacturers of fine jewellery. In October 2002, Congress extended and expanded this legislation for an additional eight years, to 2015. According to Governor Turnbull, four mainland jewellery manufacturers have relocated to the Territory since 1999 and another is planning to move in the near future.[16]

21. The industrial sector is dominated by the Hess Oil Refinery (St. Croix), one of the largest in the Western hemisphere, which employs 2,000 workers. In 1998, the Hess Oil Corporation formed a 50 per cent joint venture with Petróleos de Venezuela to own and operate the refinery. The new corporate entity was named Hovensa L.L.C. The refinery has the capacity to process some 44,000 barrels per day of gasoline and other petroleum products. A new $600 million coker plant, which began operating in August 2002, enables the refinery to process a heavier and less expensive grade of crude oil. In November 2002, the Territory's Public Finance Authority allocated up to $27.5 million in private-activity bond funding for the coker project.[17] In his State of the Territory address, the Governor announced Hovensa's plans to build a $650 million de-sulphurization unit in the refinery to meet federal Clean Air Act standards.

3. Tourism

22. The tourism sector accounts for more than 70 per cent of the gross territorial product and employs, directly and indirectly, around two thirds of the workforce. Statistics issued by the Virgin Islands Bureau of Economic Research show the number of tourists coming to the Territory during the first six months of 2002 down by 7.8 per cent over the same period in 2001. St. Croix is seen to have taken the largest hit, with air arrivals down 11 per cent in the first half of the year and cruise passenger arrivals down 28.7 per cent (reportedly, because of the cancellation of some cruise lines due to concerns about high crime rates on the island). Meanwhile, air arrivals for St. Thomas and St. John dropped 4.4 per cent during the same period while cruise arrivals were down 8.7 per cent. Representatives of the hotel business quoted in the media have stated that, given the slump that the industry had anticipated after 11 September 2001, the tourism sector is healthier than expected.[18]

23. Reporting on tourism during his State of the Territory address on 13 January 2003, the Governor stated that the Territory had increased its tourism advertising and marketing budget more than 400 per cent since 1999 and that it needed to invest wisely in this highly competitive sector. In this respect, his administration continued to advocate for the establishment of a Tourism Authority in which all stakeholders were equally and fairly represented.

24. The Governor also reported that much of the tourism investment continued to be geared to revitalizing the economy of St. Croix, which went into recession after Hurricane Hugo in 1989. Some infrastructure was already in place, such as the newly expanded St. Croix airport (see para. 29), which allowed for the landing of jumbo planes, and the Robin Bay hotel and casino complex. There were also plans to build a $35 million convention centre on the island, to promote over $1 billion in private-sector tourism investment, and to pass legislation to establish a St. Croix Historic Development Corporation to redevelop the historic districts of Christiansted and Frederiksted. All these steps would increase the number of visitors in the lucrative overnight and convention markets. Finally, it was essential to bring back the cruise lines and to finalize the restoration of boardwalks and waterfronts. With respect to St. Thomas, the Governor highlighted the recently completed $75 million expansion of the Ritz Carlton Hotel and the $165 million Botany Bay project that was to begin in early 2003. He also announced that the new ownership of the Yacht Haven Hotel had filed for permission to demolish hurricane-damaged structures to construct, in conjunction with the West Indian Company, a new hotel, a retail and office complex and a refurbished marina in the Charlotte Amalie harbour area.

C. Finance

1. Local financial services

25. According to the most recent information provided by the administering Power (see A/AC.109/2076, paras. 12 and 13), as of 1995 deposits in the eight major financial institutions operating in the Territory exceeded $1.2 billion. Time deposits, primarily in non-United States banks, represented 25 per cent of the total. The banks offer a full range of personal and corporate financial services. All banks are regulated by the territorial Banking Board, headed by the Lieutenant Governor. United States banks operating in the Territory are also regulated and insured by United States law and institutions.

26. Insurance is available through agents who represent major international insurance companies. The insurance industry is regulated by the Lieutenant Governor, who serves as Insurance Commissioner. Most existing policies protect homeowners and businesses from hurricane and flood damage. In August 2002, the Lieutenant Governor noted in the media that, following the rise in premiums after 11 September 2001, the challenge was to keep insurance coverage at rates affordable to the average working person.[19]

2. International finance

27. A report issued in June 2000 by the Organisation for Economic Cooperation and Development (OECD) included the United States Virgin Islands in a list of 35 jurisdictions that met the technical criteria for being tax havens (see A/AC.109/2002/4, para. 31). In March 2001, the OECD convened meetings with

local authorities to discuss the matter directly. A year later, on 13 March 2002, it was announced that the OECD had removed the Territory from its list. According to an OECD statement quoted by the media, "The United States Virgin Islands largely satisfies the OECD requirements with respect to transparency and, where this is not the case, has committed to reviewing its account filing or audit requirements with the objective of ensuring that, by 31 December 2005, they meet the standards to be developed by the OECD".[20]

D. Transportation and communications

28. The Territory has five major docking facilities which can accommodate cruise ships and some naval vessels. Three of the docks are on St Croix, namely South Shore, Gallows Bay and Frederiksted, and the remaining two are on St. Thomas, namely, the facilities operated in Crown Bay by the Virgin Islands Port Authority, a semi-autonomous government agency, and those privately owned by the West Indian Company. Still-to-be-implemented capital projects mentioned in the 2002 budget are the following: on St. Thomas, the development of a ferry and marine terminal at Red Hook Marine facility, continued harbour dredging, upgrading of the Charlotte Amalie waterfront and expansion of the Crown Bay dock; on St. Croix, the expansion of the Gallows Bay Dock; and, on St. John, the construction of the long-awaited $16 million Enighed Pond commercial port facility.

29. The Port Authority operates two international airports, Cyril E. King Airport on St. Thomas and Henry Rohlsen Airport on St. Croix. St. Croix's airport expansion project, which was completed in 2002, includes a new terminal and control tower and a lengthened 10,000 feet runway. This will allow jumbo aircraft to be flown directly to St. Croix from the United States, Canada, Europe and South America.

E. Utilities, water and sanitation

30. Electricity is thermally generated using imported fuels. The Water and Power Authority serves approximately 47,000 customers. Major generating facilities are located on St. Thomas and St. Croix, and a standby facility is located on St. John.

31. Owing to limited freshwater supplies, salt water is used extensively for non-domestic purposes, including firefighting and sewerage. The Water and Power Authority desalinates water and collects rainwater for domestic use. A desalination plant on St. Thomas produces 4.45 million gallons per day. Wells, particularly on St. Croix, supply the remainder of the freshwater necessary. Owing to the high cost of water, average daily consumption is about 50 gallons per person per day, about one third the United States average.

32. The Territory's waste disposal systems are in urgent need of improvement. In January 2002, the Governor reported that landfills were overflowing, sewage systems were antiquated, breakdowns were frequent and the Territory increasingly violated federal environmental mandates and was faced with heavy fines. In addition, the Federal Aviation Authority had ordered that the existing "Anguilla" landfill on St. Croix be closed by December 2002 because of the threat that scavenging birds and dump fires cause to aviation at nearby Henry E. Rohlsen Airport. In early 2002, the Public Works Commission formulated a plan to close the

landfill and asked companies to bid for the job, but the plan met with numerous administrative delays. On 20 December 2002, the Federal Aviation Authority granted the Government an extension of the deadline for closure as long as it complies with a new schedule to build a temporary "bail-and-wrap" facility at the landfill during 2003.[21] Also of concern is the deficient sewage disposal system in the Territory, which frequently results in untreated wastewater being released into the Caribbean Sea. According to the Governor, progress is being made in this regard with two new wastewater treatment facilities recently completed at Mangrove Lagoon on St. Thomas and at Cruz Bay on St. John. Also, in September 2002, the local government negotiated with federal agencies to construct two additional wastewater treatment facilities on St. Croix and at Airport Lagoon. These projects, to be funded through combined Department of the Interior grants and rum tax revenues, would bring the Virgin Islands into full compliance with the Federal Clean Water Act for the first time in 25 years. In order to ensure that environmental concerns receive the resources they require, the Governor called during his 2003 State of the Territory address for legislation to create an independent Waste Management Authority for the islands.

V. Military issues

33. According to the most recent information provided by the administering Power (see A/AC.109/2014, para. 19), the United States Navy maintains a radar and sonar calibration station and a headquarters building for its underwater tracking facility. There are permanent recruitment centres for the armed forces and a detachment of the United States Coast Guard on St. Thomas. The Virgin Islands National Guard is headed by an adjunct general appointed by the President of the United States. The Territory remains a port of call for United States naval vessels and those of its allies. In October 2002, the United States Defense Intelligence Agency organized a visit to the Territory by 41 military attachés assigned to foreign embassies in Washington to the Territory and, reportedly, briefed them about the Virgin Islands' role in counter-drug operations, counter-terrorism activities and the defence of United States borders.[22]

VI. Social conditions

A. Labour

34. Employers in the United States Virgin Islands must follow federal and territorial labour laws, such as those on minimum wage, hours, standards of safety and occupational health and payment of social security and unemployment insurance. In recent years, the Government has focused on reducing employment in all three branches of government while promoting private enterprise and investments to create new jobs. However, employment statistics from the Labour Department for October 2002 reveal a growing unemployment rate of 9.7 per cent, with 4,690 people looking for work — 2,600 of them on St. Croix and 2,090 on St. Thomas and St. John. The figures reflect people who lost jobs and were actively seeking work through the Labour Department, but do not include those who had ceased to receive unemployment benefits. For September and October 2002, St. Croix's unemployment was 12 per cent, twice the national average and the highest

jobless rate on the island for eight years. According to the Labour Commissioner, the main factors behind St. Croix's high unemployment are the nationwide economic uncertainty, the recent lay-off of 600 construction workers from the completed Hovensa's coker plant, as well as the decision by some cruise lines to stop docking at Frederiksted. The Labour Department expects that new jobs will be created in 2003 when construction begins for programmed tourism infrastructure.[23]

B. Education

35. Education is compulsory and free for all children between 5 and a half and 16 years of age. The territorial Department of Education administers 32 schools on St. Thomas, 14 on St. Croix and 2 on St. John. The 2000 Census data issued in February 2002 reflected school enrolment of children three years and older to total 32,119. Of those, 52.5 per cent attended elementary school, 23.2 per cent attended high school and 9 per cent attended college or graduate school. The Census also reported that 60.6 per cent of the population aged 25 and over are high school graduates while 16 per cent have bachelor's degrees or higher.

36. The University of the Virgin Islands has campuses on St. Thomas and St. Croix and approximately 2,500 full- and part-time students. According to the administering Power, it offers bachelor's degrees in 33 fields and masters' courses in Education, Business Administration and Public Administration. In January 2002, the territorial Senate passed legislation to create the University's Research and Technology Park on St. Croix. Although, construction has been delayed by controversies over the use of farmlands for this project, in January 2003, the Governor stressed the need to recruit new specialized companies to establish operations in the planned technology park.

37. One of the issues of concern in recent years has been the Territory's high school dropout rate. Data released in December 2002 in the "Kids Count" report of the Community Foundation of the Virgin Islands, showed that the high school dropout rate was 16.9 per cent in 2000, down significantly from 22 per cent in 1997, but still far above the national average of 10 per cent. At the same time, the figures for youth neither in school nor employed swelled from 5.4 per cent in 1997 to 12.6 per cent in 2000, which, according to the report revealed a significant disenfranchizing of Virgin Island youth and links to the increase in poverty and juvenile crime.[24] Regarding academic standards in the Territory's public schools, fourth grade scores in basic subjects are lower than the national average according to nationwide tests conducted by the National Center for Education Statistics (see A/AC.109/2002/4, para. 43).

38. For the last years, the Governor has spoken of education as the number one priority of his administration. This matter became even more pressing in 2002 after all four of the Territory's public high schools lost their accreditation with the Middle States Association of Colleges and Schools. In January 2003, the Governor stated that he would personally oversee continued efforts to regain accreditation by correcting shortcomings in the areas identified by the Association, namely, site-based management, student attendance rates, teacher absenteeism and an adequate pool of substitute teachers. According to the Governor, the Territory is meeting every deadline for corrective action: teachers' salaries have been raised, funds for site-based management have been found, hiring authority in critical areas has been

transferred to the Department of Education and the use of technology and videoconferencing has been introduced to enhance instruction. The Governor expects that accreditation will be regained by early 2004.

C. Public health

39. The Roy L. Schneider Hospital on St. Thomas offers general service and has 169 beds. The Governor Juan F. Luis Hospital on St. Croix has 120 beds. There is also a 16-bed private hospital on St. Croix. While overall responsibility for health centres is held by the Department of Health, legislation enacted in 2000 created semi-autonomous administration for the major hospitals. In July 2001, the Governor Juan F. Luis Hospital on St. Croix received high marks and preliminary accreditation from the Joint Commission on Accreditation of Healthcare Organizations, an independent organization that evaluates health-care centres throughout the United States. Accreditation by the Joint Commission allows hospitals to remain eligible for Medicare funds and attracts grant-giving agencies, donors and highly qualified professionals. The Roy L. Schneider Hospital has yet to make the necessary improvements to apply for this accreditation.

40. During 2002, efforts continued to establish a long-awaited state-of-the-art cancer care centre within the Schneider Hospital to alleviate the need for patients to be treated off the islands. The project is being funded with $5.8 million from the Territory's tobacco settlement proceeds, $2 million from Partners for Health fund-raising and $1.7 million appropriated by the Virgin Islands Legislature to assist with personnel recruitment. It is hoped that the centre will be built during 2004. Other capital projects expected to be developed in 2003 are new mental health facilities for St. Thomas and St. Croix and a cardiac unit attached to St. Croix's hospital.

41. The human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS) continues to be a serious public health problem in the Territory. Federal statistics quoted by the media, report the Virgin Islands as having the fourth highest per capita incidence of HIV/AIDS among the states and territories. The Centers for Disease Control's Surveillance Report notes that, as of December 2001, 248 Virgin Islanders were reported to be living with AIDS while 198 were living with HIV infection. However, it is considered that many of those who are infected with the virus are unaware of this. Local public health officials are working to meet the national challenge of cutting the number of new cases of HIV infection in half by the year 2005, while raising awareness among those who go untested and untreated. Currently, the Territory obtains funds through federal programmes for HIV/AIDS testing, medicating, prevention, education, counselling, and surveillance.[25]

42. A health administration issue that has remained on the table for many years is the legislative cap on federal reimbursements for the health care provided to the uninsured poor in the Territory and efforts by the Territory's Government and its Delegate to Congress to have this cap removed. In October 2002, representatives of the Territory's two hospitals, the Delegate to Congress and the heads of the federal Center for Medicare and Medicaid began meetings in Washington to find ways to alleviate the Territory's financial shortfalls after paying the high cost of treating its elevated number of uninsured patients. Grant applications to offset the federal cap were initiated in November 2002.[26]

D. Human rights and related issues

43. In 1997 more than 3,000 black farmers from the Territory submitted a class action lawsuit against the United States Department of Agriculture, alleging that it discriminated against black farmers in its disbursement of loans. The suit was settled in favour of the farmers in 1999. In January 2000 residents of St. Croix joined a broad class action suit against the Department, alleging systematic discriminatory practices by its Rural Development Office against Blacks and Hispanics who tried to participate in its housing loans and grants programmes. The Department settled the suit by agreeing to pay compensations and to write off debts (see A/AC.109/2002/4, para. 50). No similar issues have been reported in the local media since then.

E. Crime and crime prevention

44. High crime rates are a matter of concern in the United States Virgin Islands. According to the Federal Bureau of Investigation's Uniform Crime Report, in 2001 the Islands recorded 30 homicides, giving the Territory a per capita homicide rate which is five times the national average. The local media also report frequent incidences of domestic violence and child abuse. The Government has acknowledged that high crime rates undermine efforts to increase tourism and improve the economy. In 2001, the Senate passed legislation toughening the penalties for felons caught carrying illegal firearms and local prosecutors joined forces with the Office of the United States Attorney General to implement a new initiative called "Project Exile" to remove illegal guns from the community. In his latest State of the Territory address, the Governor stated that 2002 had witnessed "an unacceptable increase in violent crimes, including murder and robbery", that most of the violent crime was caused by the same criminals and that much of it was drug related. The Governor described ongoing efforts to increase the number of police officers, especially in high crime and tourist areas, and to institute community policing, new technology and aggressive law enforcement techniques.

45. According to government and police authorities, the transit of illegal drugs through the Territory is a root cause of much of the violent crime. In 1994, the Office of National Drug Control Policy designated the United States Virgin Islands, along with Puerto Rico, a High Intensity Drug Trafficking Area. In August 2001, the Virgin Islands Attorney General was elected to the rotational Chairmanship of the High Intensity Drug Trafficking Area Task Force, heading an Executive Board made up of local and federal law enforcement agencies from the Territory and Puerto Rico. The Task Force aims to reduce drug and gun smuggling and sales, money-laundering and related violent crime.

46. An Adult Correctional Facility, the Golden Grove Prison, holding approximately 600 inmates, is located on St. Croix. A $26 million expansion of the prison completed in February 2001 allowed for the return of 146 inmates who had been housed on the United States mainland due to overcrowding. This move prompted the federal Government to cancel the Territory's mainland incarceration debt of $10 million. In July 2002, the Virgin Islands Attorney General stated that the Territory would be partaking of a grant from the United States Justice Department to provide education and training for inmates who were to be released. The Attorney General said it would be used to lower recidivism among prisoners in the 14-25 age bracket.[27]

VII. Environment

A. Protection of natural resources

47. According to the Environmental Protection Agency's region 2 state of the environment report (1998), the ecosystem of Caribbean islands faces threats not only from natural disasters, such as hurricanes, but also from human impacts, such as improperly treated sewage, extensive land conversion and deforestation, overfishing and tourism-related activities. Conversely, protecting the ecosystems is important if economy-generating tourism is to be maintained. The Caribbean Environmental Protection Division of the Agency has an office on St. Thomas through which it works with both federal and local agencies to address chronic problems, such as ecosystem loss and improper landfill spaces, as well as the catastrophic effects of hurricanes. Disposal of solid waste and sewage pose serious environmental problems in the United States Virgin Islands (see para. 32). In addition, reefs such as those near Salt River Bay in St. Croix depend on mangroves and sea grass colonies along the coast for protection against runoff. According to a scientific report published in the journal *Environmental Conservation* and quoted in the local media in April 2002, immediate and widespread protection of the environment is essential because "a combination of natural and human disturbances has degraded the mangroves, sea grass beds and the reefs around the Virgin Islands, and fisheries appear to be near collapse".[28]

48. In January 2001, days before he left office, former President Clinton signed a proclamation creating the new Virgin Islands Coral Reef National Monument in submerged lands off St. John. The designation furthered the protection of the Virgin Islands National Park created in 1956 and expanded in 1962.[29] The Monument covers 12,000 acres off St. John and also increases Buck Island Reef National Monument off St. Croix from 900 acres to some 18,000 acres. According to press reports at the time, the measure was controversial in the Territory, primarily among commercial fishermen who claimed their livelihood would be affected by the ban on fishing and anchoring in the area. In November 2002, the General Accounting Office issued a long-awaited opinion, sought by the Territorial Delegate to Congress, Donna Christensen, concerning the ownership of the submerged lands. It concluded that both the Buck Island Reef National Monument and the Coral Reef National Monument are federally owned. Soon after, Delegate Christensen reiterated that there must be close coordination between federal and local officials on the management of the areas and stressed that the Government would ensure that those who made a living from the waters would have some protection in place.[30]

B. Disaster preparedness

49. The United States Virgin Islands faces recurrent hurricanes and flooding in addition to being located within an earthquake risk zone. The Federal Emergency Management Agency provides programmes of mitigation, preparedness, response and recovery in the Territory through the Virgin Islands Territorial Emergency Management Agency. Nonetheless, the costs of the repairs of combined damages to homes, businesses, utilities and commercial buildings caused by Hurricanes Hugo (1989), Marilyn (1995), Georges (1998) and Lenny (1999) continue to cause fiscal and financial problems in the Territory, despite federal assistance through grants and

loans and close to $500 million distributed by the Federal Emergency Management Agency between 1995 and 2000. The territorial Government has resolved the problem of the federal loans covering Hurricane Hugo and is working on similar measures for loans on Hurricane Marilyn (see para. 13). In June 2000, the United States Senate Government Operations Committee approved a bill providing for the United States Virgin Islands to join the nation's Emergency Management Assistance Compact. This gives each member access to assistance from other member states or territories in the event of disasters, in addition to the assistance provided by the Federal Emergency Management Agency.

VIII. Future status of the Territory

50. No significant action on the political status of the Territory has been taken since a referendum was held in 1993. In that ballot, only 27.4 per cent of registered voters voted on the question (of which 80.3 per cent supported the existing status, 14.2 per cent voted for full integration with the United States and 4.8 per cent voted for an end to United States sovereignty). The result was considered invalid as less than the requisite 50 per cent of the electorate voted.

A. Position of the territorial Government

51. At the 7th meeting of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, on 17 June 2002, Carlyle Corbin, on behalf of the Government of the United States Virgin Islands, made a statement and replied to questions posed to him by the representatives of Côte d'Ivoire, Grenada, Papua New Guinea and Antigua and Barbuda, and by the Chairman (see A/AC.109/2002/SR.7). In his statement, Mr. Corbin lamented that representatives of the United Kingdom's Caribbean Territories were not present at the Special Committee and that all the regional Territories were covered in one omnibus resolution. There was a need for greater public information for Territorial peoples. He noted that campaigns such as the highly successful one carried out in East Timor should be put in place in all the Territories. The wider United Nations system and regional institutions had a role to play in this regard. It was also appropriate, he said, for data from other institutions, such as the Caribbean Development Bank and CARICOM, to be reflected in United Nations resolutions. Similarly, it was important to include the conclusions of the regional seminars in the resolutions. Regarding the resolution referring to the United States Virgin Islands, he said that last year's text was a repetition of previous years. The reference to the results of the 1993 referendum was misleading and it should be reviewed with a view to its deletion. At the same time, the text should mention the measures taken by the Government to alleviate the economic crisis in the Territory.

B. Position of the administering Power

52. In a statement made at the 73rd meeting of the General Assembly on 11 December 2002, a representative of the United States said that the United States could not support the draft resolution on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By adopting a

narrow definition of decolonization, the draft resolution failed to take into account the complex reality of Non-Self-Governing Territories. For the United States, the very term "non-self-governing" seemed inappropriate for those who were able to establish their own constitution, elect their own public officers, have representation in Washington and choose their own economic path. He noted that one of the territories under United States administration had just held elections in November 2002. Moreover, he said, the United States disagreed with the contention in the draft resolution that the mere presence of military activities and bases in the Non-Self-Governing Territories was harmful to the rights and interests of the people of those Territories. The United States did not support the notion that administering Powers did not have the right to take action in accordance with their national security interests.

53. The United States was fully supportive when countries chose independence and was proud to welcome them as equal and sovereign partners. For Territories that did not choose independence, however, the United States also supported the right of people in those Territories to a full measure of self-government, including the rights to integration and free association. The world encompassed a variety of people, places and political circumstances, and this richness did not allow for just one path. The United States believed that a single standard of decolonization should not be applied to every Territory and they called on all Member States to respect the choices made by the residents of Non-Self-Governing Territories.

C. Action by the General Assembly

54. On 11 December 2002, the General Assembly adopted, without a vote, resolution 57/138 B, section XI of which specifically concerns the United States Virgin Islands.

Notes

[1] The information contained in the present working paper was derived from information transmitted to the Secretary-General by the Government of the United States of America as well as from published sources.

[2] United States Department of the Interior, Office of Insular Affairs, *Strategic Plan 2000-2005*.

[3] United States Census Bureau, Press release, 3 July 2001.

[4] *Virgin Islands Daily News*, 28 August 2001.

[5] Information from the Office of the United States Virgin Islands Delegate to Congress.

[6] State of the Territory address delivered by Governor Charles W. Turnbull on 13 January 2003 and reproduced in full by *St. Thomas Source* on 14 January 2003.

[7] *St. Thomas Source*, 6 January 2003.

[8] Ibid., 9 January 2003.

[9] Ibid., 5 and 16 November 2002.

[10] *Virgin Islands Daily News*, 6 November 2002.

[11] Department of the Interior, Office of Insular Affairs, News Release, 3 December 2002.

[12] *St. Thomas Source*, 14 January 2002.

[13] United States Central Intelligence Agency, The World Factbook, 2002.

[14] *St Thomas Source*, 10 December 2002.

[15] *Virgin Islands Daily News*, 11 June, 7 and 13 August and 17 December 2002.

[16] *St. Thomas Source*, 8 October 2002.

[17] Ibid., 21 November and 11 December 2002.

[18] Ibid., 23 August 2002.

[19] Ibid., 12 August 2002.

[20] *Virgin Islands Daily News*, 13 March 2002.

[21] Ibid., 21 December 2002.

[22] Ibid., 9 October 2002.

[23] *Virgin Islands Daily News*, 16 December 2002, and *St. Thomas Source*, 17 December 2002.

[24] *St. Thomas Source*, 10 December 2002.

[25] Ibid., 24 July 2002, and Centers for Disease Control, Surveillance Report, vol. 13, No. 2.

[26] *St. Thomas Source*, 15 October 2002, and *Virgin Islands Daily News*, 18 November 2002.

[27] *St. Thomas Source*, 9 September 2001 and 18 July 2002.

[28] Ibid., 23 April 2002.

[29] White House Press Office, 17 January 2001.

[30] *St. Thomas Source*, 18 November 2002.